



Interview with Navy ERP Program Manager Ron Rosenthal and Navy ERP Technical Director Susan Keen

The U.S. Navy announced in June that its Navy Enterprise Resource Planning program (Navy ERP), successfully completed the close out of its Critical Design Review (CDR). The successful review provided a clear path forward for the programs Navy-wide business management capability. The Navy's implementation schedule calls for the money management and program management portions of the ERP capability to begin operation Oct. 1, 2007, at the Naval Air Systems Command (NAVAIR).

An additional business management package will be added at the Space and Naval Warfare Systems Command, (SPAWAR) in April 2008. The supply release is scheduled for the Naval Supply Systems Command, (NAVSUP), Oct. 1, 2008, and the maintenance package will be implemented at the Naval Sea Systems Command (NAVSEA) Oct. 1, 2010.

The ERP is an ACAT IAM Program.

CHIPS asked Mr. Rosenthal and Ms. Keen to discuss the significance of the ERP program and its technology suite.



CHIPS: What is Navy ERP?

Rosenthal: ERP is a generic name of a software-based management system that corporations have used for several years. The earliest systems were developed in the early 1980s. Companies use

ERPs to power their crucial business functions.

Our solution, Navy ERP, utilizes SAP, a product owned by the SAP Corp., based in Walldorf, Germany, the largest provider of ERP solutions in the world. They have more than 28,000 implementations, both in industry and in government.

Our solution allows the Navy to unify, standardize and streamline all its business activities into a single system that will achieve the highest standards for information that is secure, reliable, accessible and current. Everyone involved in conducting the business of the Navy will be working from the same 'sheet of music,' rather than what we have today — disparate systems where a lot of time is spent reconciling information.

Another major benefit of Navy ERP is that processes are updated and simplified, and redundancies are eliminated. This is necessary in order to drive efficiencies into our daily operations to save money.

CHIPS: What modules are included in the suite of applications?

Keen: We are using many of the modules offered with SAP. The modules cover the functional areas of finance, acquisition and program management, workforce management, supply, materials management and plant maintenance. That's a very broad implementation, although not surprising, given that the Navy is a very large organization, and we cover the waterfront in terms of functional needs.

We have organized our solution to cover eight very broad-reaching end-to-end 'Process Scenarios.' A couple of examples are 'Plan-to-Perform' and 'Acquire-to-Dispose.' They allow us to represent all the steps in an end-to-end process and collectively they cover the business of the Navy.

For example, in the Plan-to-Perform and Acquire-to-Dispose processes, all aspects of Navy project management from initiation, planning and execution to project closing are covered. These processes can be applied to any project effort in the Navy within the General Fund or Working Capital Fund environments and across the entire project life cycle from acquisition to disposal.

So you can see these examples cover financial, acquisition, procurement and all aspects of resource management. We have approached each of our eight end-to-end processes as comprehensively as that.

The system provides the ability to see information across functional areas, allowing managers to make decisions that are reflective of the entire process, not just a small segment of the process, which is often the case today when managers see limited information based on stovepiped systems. Better information means better decisions. We believe it will make a huge difference in terms of the visibility of information around any resource area or any process area in the Navy.

CHIPS: Which organizations had input into the requirements and design of the ERP?

Rosenthal: The Navy decided in 1999 to proceed with pilot tests of the ERP capability. The organizations involved in the four pilots were SPAWAR, NAVAIR, NAVSUP, NAVSEA and Fleet Forces Command. The implementation of these test pilots gave us the tremendous benefit of understanding the capabilities we wanted to bring into the Navy that could be enabled by an ERP — all this information and data were used as a foundation to establish the requirements.

When we started the initial planning of the program, we worked with OPNAV. With the help of the different groups within that organization, N4, the deputy chief of Naval Operations for fleet readiness and logistics, became our program sponsor.

One of the first things N4 did was draft the Operational Requirements Document (ORD), which was staffed throughout the Navy. The ORD was formally signed and became the foundational requirements document for the program. Since then, we have created a Requirements Analysis Group (RAG), which is chaired by Fleet Forces Command. If additional requirements are desired, they are submitted and approved by the RAG before being forwarded to N4 for consideration.

The Navy's Financial Management and Budget (FMB) and the Financial Management Office (FMO) also played a major role in creating the requirements. Both report to the Assistant Secretary of the Navy (Financial Management and Comptroller). Navy ERP is the cornerstone of the Navy's Financial Improvement Program.

CHIPS: Who will be the users of this tool?

Rosenthal: In the near term, we will roll the solution out to SPAWAR, FMB, NAVAIR, NAVSUP and NAVSEA. Then, we will move into the Regional Maintenance Centers (RMCs) and the Fleet Readiness Centers (FRCs). Specifically, everyone who does his or her time and attendance, to program managers who will use the system to help them manage their programs, people in finance, contracts, and supply and maintenance will benefit from the ERP solution.

We want to ensure that the people in the ashore infrastructure of the Navy are able to perform their jobs more efficiently to support the warfighter.

CHIPS: Four out of five of the commands that you named to receive the program first are acquisition commands. Is there a particular reason why they are receiving the ERP first?

Rosenthal: The Chief Financial Officers Act of the early 1990s served to drive all government agencies to clean up their finances. Our program's major initial focus is to get the financial backbone in place. During the next increment, we will deploy to the supply community — NAVSUP headquarters, Naval Inventory Control Points, the Fleet and Industrial Supply Centers and then move to maintenance — the FRCs and the RMCs.

CHIPS: Will there be training for users?

Rosenthal: Yes. We have spent a lot of time making sure the training is thorough and complete. We will also spend considerable time training the trainers, who will be people from the local organizations where the system is being installed.

Local authorities are ready resources, are trusted by their co-workers, can provide immediate help when questions arise rather than going through a national help desk or another impersonal process, and are right on the ground with them.

Keen: As Ron mentioned earlier in his answer to the first question, we are providing standardized business processes and are bringing in best practices as we train Navy personnel — whether they are military members, civil servants or contractor support.

Through training and using this solution, they are enabled to perform their function in the command where they are sitting the day ERP arrives. They will be able to use it as well wherever they move in their careers, using the same standard processes and the same supporting system. They will become more and more adept at the performance of their business processes, regardless of where their command assignment may take them.

This is a tremendous benefit Navy ERP provides the Navy workforce.

Rosenthal: Every systems command will use exactly the same solution and exactly the same process. If someone transfers from one systems center to another, from one warfare center to another, or from one command to another, he or she will always use the same business rules, toolsets and processes.

CHIPS: Can you discuss the ERP technology? Is it Web-based? Does it interface with any other systems within the Navy or DoD?

Keen: As Ron described earlier, we will be utilizing SAP as our core product for the solution. It is commercial, off-the-shelf — you've probably seen the acronym COTS — software. Our solution, based on the SAP ECC 5.0 software, uses the NetWeaver technology stack, which is part of the product suite offering of SAP; and it takes advantage of Web technologies.

The login will be to a Citrix client or to an HTML version of the graphical user interface. What that means is that as folks are sitting at their NMCI workstation, they will go into SAP — into Navy ERP — via a portal and execute their transactions from there. So, it's appropriate to call the system Web-based. Users get into the SAP system and execute transactions via the portal.

A very important aspect of our solution is that this system operates on NMCI. As you know, that's been a very important initiative for the Navy. And in my view, this is the culmination of the NMCI vision, which is really to be that standard enterprise infrastructure on which enterprise applications can ride. NMCI also provides us with a properly secure environment upon which to provide this enterprise capability.

Navy ERP brings NMCI to an important milestone — enabling the implementation of an enterprise information system. To be clear, we could not implement this comprehensive Navy-wide system without the NMCI infrastructure.

You asked about interfaces. In this first increment of capability, we will be interfacing with 49 systems, 12 of those are DoD financial systems. Other systems with which Navy ERP will interface are systems like the Defense Travel System, the Defense Civilian Personnel Data System (DCPDS) and the existing supply systems. Over time as we expand our solution, Navy ERP will replace some of these systems.

CHIPS: Does Navy ERP replace legacy applications?

Keen: Yes. Navy ERP will replace a significant number of legacy applications. As we work with commands, we talk with them specifically about the applications that will be replaced as they learn the essentials about the functionality that the solution delivers. The Navy's Functional Area Managers (FAMs) are tasked with reviewing and determining which systems are to be replaced, and so our legacy system sunset plan is part of their plan. Right now, we're at more than 300 legacy systems that we anticipate replacing with Navy ERP.

CHIPS: Replacing 300 legacy systems will be a major transformation for the Navy.

Rosenthal: First, our Navy, indeed our whole military, is being asked to transform the way they accomplish their mission. Our troops are using technology in different ways than ever before, are organizing in new and different ways, and are being required to be more efficient and more effective at the same time. Those warfighters are the people the business side of the Navy supports.

On the business side, and I also call it the support side, we have an obligation to be as technologically advanced as we ask the warfighters to be, to organize to be agile in new and innovative ways to better support them, and to be as effective and efficient. Support for a transformed warfighting force must be provided by business systems that are also transformed. Navy ERP propels that transformation in Navy business affairs.

Secondly, many people and organizations use the word transformation. To put transformation into the proper perspective, I would share with you a quote I saw from Secretary of Defense Rumsfeld about business transformation.

'It is not, in the end, about business practices, nor is it the goal to improve figures on the bottom line. It's about the security of the United States of America. And let there be no mistake, it is a matter of life and death. Our job is defending America, and if we cannot change the way we do business, then we cannot do our job well, and we must.' That really sums it up.

Keen: I have been working in Navy IT, Navy information technology, for 28 years as a civil servant. This is the most important business transformation initiative based on IT that I have ever been part of. It's really an exciting program that will make a difference to our Navy and how we support the warfighter.

Rosenthal: Both Susan and I volunteered to do this because of the opportunity. The Navy ERP Program is probably the biggest challenge that either of us has undertaken. We consider it a privilege and an honor to serve the Navy in the delivery of this solution.

For more information about Navy ERP go to: <http://www.erp.navy.mil/>. To view Mr. Rosenthal's and Ms. Keen's biographies go to the Navy ERP Web site at <http://www.erp.navy.mil> and click on "Executive Bios."

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OMB Provides Updated Guidance for Reporting Incidents Involving Privacy Breaches

By the DON CIO Information Assurance Team

With recent reports of potential violations of sensitive personal information by federal agencies, the Office of Management and Budget (OMB) has tightened requirements for safeguarding information assets and for notification of security breaches.

Incidents Involving Personally Identifiable Information

The Federal Information Security Management Act (FISMA) requires all agencies to report security incidents involving personally identifiable information to the U.S. Computer Emergency Readiness Team (US-CERT), a federal incident response center located within the Department of Homeland Security. Personally identifiable information means any information about an individual maintained by an agency, including, but not limited to: education, financial transactions, medical history, and criminal or employment history, and information which can be used to distinguish or trace an individual's identity, such as name, Social Security Number, date and place of birth, mother's maiden name, biometric records, etc., including any other personal information which is linked or linkable to an individual.

Reporting Requirements

In a memo dated July 12, 2006, OMB provided updated guidance on the reporting of security incidents to now require agencies to report all incidents involving personally identifiable information to US-CERT within one hour of discovering the incident. The memo further stipulates that agencies should not distinguish between confirmed and suspected breaches, but to report all incidents, in both electronic and physical form. See the US-CERT Web site at <http://www.us-cert.gov/federal/reportingRequirements.html> for federal incident reporting guidelines. The Department of the Navy Chief Information Officer (DON CIO) is preparing to release additional guidance that will assist local commands with the specific processes for effectively handling privacy incidents.

Safeguarding Information

Earlier OMB guidance on agency compliance with FISMA called on all agencies to properly safeguard their information assets using a checklist developed by the National Institute for Standards and Technology (NIST). It calls for agencies to follow four steps: (1) Confirm identification of personally identifiable information protection needs; (2) Verify adequacy of organizational policy; (3) Implement protections for personally identifiable information being transported and/or stored off-site; and (4) Implement protections for remote access to personally identifiable information.

Taking these precautions should eliminate the need for reporting later.

The DON CIO is working to improve privacy protections for all DON information technology (IT) resources, collaborating with system owners throughout the Department to perform Privacy Impact Assessments (PIAs) on all relevant IT systems that handle personally identifiable information on DON military and civilian personnel. These PIAs, required by FISMA and DON CIO policy, provide a method for effectively measuring and analyzing the privacy protections in place throughout the Department. The DON CIO is also preparing to release revised policies regarding teleworking, remote access and data at rest that will include language outlining privacy protection requirements.

Contact DON CIO IA team member Darin Dropinski at darin.dropinski@navy.mil for more information.

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